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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONER
KRISTIN K. MAYES
COMMISSIONER

Arizona Corporation Commission

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IN THE MATTER OF THE APPLICATION OF
ARIZONA WATER COMPANY, AN ARIZONA
CORPORATION, FOR ADJUSTMENTS TO
ITS RATES AND CHARGES FOR UTILITY
SERVICE FURNISHED BY ITS WESTERN
GROUP AND FOR CERTAIN RELATED
APPROVALS

Docket No. W-01445A-04-0650

NOTICE OF FILING

The Residential Utility Consumer Office ("RUCO") hereby provides notice of filing the
Testimony Summary of William A. Rigsby in the above-referenced matter.

RESPECTFULLY SUBMITTED this 20th day of June, 2005.

Scott S. Wakefield
Chief Counsel

AZ CORP COMMISSION
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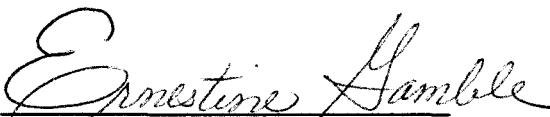
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**Arizona Water Company
Western Group
Docket No. W-01445A-04-0650
Rate Application**

**SUMMARY OF THE TESTIMONY OF WILLIAM A. RIGSBY
ON BEHALF OF THE RESIDENTIAL UTILITY CONSUMER OFFICE**

The following is a summary of the significant issues set forth in the direct and surrebuttal testimony of RUCO witness William A. Rigsby, on Arizona Water Company's ("Arizona Water" or the "Company") application for a permanent rate increase for the Company's Western Group systems. The Western Group is comprised of five operating systems located in Ajo Heights, Casa Grande, Coolidge, Stanfield and White Tank. Mr. Rigsby is providing testimony on the Casa Grande and Stanfield systems. A full discussion of the significant issues associated with these systems and the underlying theory and rationales for Mr. Rigsby's recommendations are contained in the referenced documents. In addition to his direct and surrebuttal testimony on the required revenue issues in this proceeding, Mr. Rigsby has also filed, under separate cover, direct and surrebuttal testimony on the cost of capital issues associated with the case.

RATE BASE:

Mr. Rigsby is recommending that the Commission adopt his recommended rate base figure of \$17,380,813 for Arizona Water's Casa Grande system and \$326,426 for the Company's Stanfield system.

Mr. Rigsby will sponsor RUCO's recommended adjustment to accumulated depreciation expense for the five Western Group systems.

REVENUE REQUIREMENTS:

Mr. Rigsby is recommending that the level of revenue for Arizona Water's Casa Grande system be increased by \$15,481, which is the result of a \$15,481 increase in water sales revenue. For the Stanfield system, Mr. Rigsby is recommending that the level of revenue be increased by \$534, which also represents an increase in water sales of \$534.

OPERATING EXPENSES:

Based on his adjustments to test year expenses, Mr. Rigsby is recommending a \$6,410,781 level of operating expense for the Casa Grande system, which will result in \$1,593,821 in operating income or a 9.17% return on the \$17,380,813 rate base that he is recommending. For the Stanfield system, Mr. Rigsby is recommending a \$102,763 level of operating expense, which will result in operating income of \$29,933 or a 9.17% return on his recommended rate base of \$326,426.

Mr. Rigsby will sponsor RUCO's operating adjustments that involve the Company's requests for recovery of deferred and ongoing Central Arizona Project ("CAP") costs for the Casa Grande, Coolidge and White Tank systems. He will also sponsor RUCO's adjustment for legal costs specifically associated with the Casa Grande system, and RUCO's recommended adjustments to purchased water and purchased power expenses as a result of RUCO's recommendation to eliminate the Western Group's purchased power & water adjustment mechanisms.